

Utility bills remain static

Natural gas costs see slight dip, while propane remains on the rise

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Natural gas customers can expect slightly lower bills this winter, while electricity bills should remain the same as last year and propane prices continue to rise.

UniSource Energy Services customers are paying smaller natural gas bills this winter because the Arizona Corporation Commission voted during the spring to suspend a purchased gas adjustor surcharge on their bills. The surcharge, intended to offset the higher wholesale costs for gas, came to 11.5 cents per therm, which is the standard energy measurement for natural gas.



Courier photo illustration/Les Stukenberg

Tri-city area customers face higher bills for fuel during the winter because they use more of it, whether it be propane, electricity or natural gas.

The typical residential customer for UniSource can expect to save \$12.82 in January based on the use of 111 therms, according to figures supplied by the office of ACC Commissioner Kris Mayes.

UniSource projected the average residential customer would use 75 therms in December and pay \$80.18, said Joe Salkowski, a spokesman based at the company's headquarters in Tucson. The customer can expect a bill for \$114.85 in January.

Salkowski issued a press release dated Nov. 15 indicating that a recent spike in natural gas prices would lead to higher costs for customers in 2005.

The wholesale cost for natural gas that UniSource bought for this winter rose more than 40 percent in late September and October after Hurricane Ivan reduced production capacity in the Gulf of Mexico region, the press release stated.

UniSource officials expect the cost of natural gas service to reach approximately 90 cents per therm between this month and March. Salkowski wrote. That amount, which does not include taxes or the basic monthly charge of \$7 per customer, is similar to what customers paid last winter.

Complaints from many consumers in the tri-city area prompted the ACC to conduct a meeting in Prescott in February. The commission voted to suspend the surcharge and required UniSource to launch a vigorous public information campaign to notify customers about higher gas costs and the availability of programs to reduce the financial burden.

"I continue to be very concerned about the cost of natural gas in northern Arizona," said Mayes, a Prescott native. "We want to make sure that all natural gas companies are warning (customers) of future gas price increases because of how unfair it was to Prescottonians and people all over Arizona last year."

Electricity prices stayed the same in the tri-city area this year and have dropped 16 percent since 1991, according to Daniel Froetscher, division manager for Arizona Public Service in Prescott.

"Hopefully, it is a function of us being a little more efficient," he said. "Obviously, consumer growth has helped with that a little bit. The primary reason is operating efficiency and technology."

APS had applied to the ACC to raise its rates by 10 percent, but reached an agreement with consumer groups in August to lower the request to 4.2 percent. The proposal awaits a decision by the ACC, expected during the late first or early second quarter of 2005.

The average wintertime bill in the tri-city area is \$56 based on 646 kilowatt-hours, Froetscher said. Consumers who live outside the service area of both APS and UniSource depend on propane to heat their homes during the winter, and they can expect higher prices, propane dealers said.

"The price of propane tracks not only the price of oil but natural gas as well," said Malcolm Barrett Jr., general manager of Flame Propane in Prescott.

Barrett said about 25 percent of the customers buy in bulk during the summer, a contractual arrangement known as "pre-buying." They are paying 20 cents per gallon more than they did during the summer of 2003, but they would be paying an additional 30 cents per gallon if they did not purchase fuel in advance.

A typical home (1,500 square feet) on propane will use 500 to 600 gallons a year, said David Cameron, owner of Yavapai Bottle Gas.

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